POST PURCHASE EXPERIENCE OF CONSUMERS IN LIFE INSURANCE POLICIES: AN EMPIRICAL STUDY

Vishal Kumar

Dean Research & Director, School of Management,
Maharaja Agrasen University, Himachal Pradesh, India
vkfzr@hotmail.com

Neha Singh

Assistant Professor, School of Management,
Maharaja Agrasen University, Himachal Pradesh, India
nehashri163@gmail.com

Abstract

Consumer post-purchase feeling is important for a seller as it may lead to repeat purchase in case of satisfaction or could create negative word of mouth publicity for their brand. A marketer should carefully study the outcome of purchase to improve the performance and to delight the consumer. Post-purchase behaviour is a reflection of consumers' satisfaction, their feedback and success of marketing strategies. This paper identifies the important factors for evaluating post purchase experience of life insurance policy holders. It also compared the public and private life insurance policy holder's post purchase experience. The study is based on sample of 396 respondents who are policy holders of public and private life insurance companies. The quantitative data is analyzed with the help of SPSS by using Factor analysis technique and findings of the paper revealed three major factors for post purchase experience. It also found difference between post purchase experience of policy holder's experience of public and private life insurance companies.

Keywords: *Post purchase experience, consumer behavior, life insurance*

Introduction

In the era of digital world, customers are equipped with sharing their experience with whole world in few seconds and their responses are crucial for companies brand image as it reflects their experience and satisfaction with company services and process. The consumer evaluates the product performance after purchase and compares it with that of the competitor product. This comparison leads to developing their perceptions towards the companies. While a satisfied customer leads to positive word of mouth, dissatisfied customers display cognitive dissonance through bad reviews. No company would like to have dissatisfied customers which in turn create negative perception toward its brand. Many of the previous researches highlight the importance of studying post purchase experiences of customers. Mangold, Miller, and Brockway (1999) found that high level of satisfaction or dissatisfaction were important factors in word of mouth stimulus. Service innovation and quality generates positive word of mouth, customer satisfaction and repeat purchase. Dhar and Dhar (2007) discussed that globalization leads to competition and existing companies have to be ready to face the competition from new players. New life insurance companies have to focus on the latest and

rising customer requirements whereas old companies have to also focus on their existing customer services and requirements; new practices; enhancing service quality with new benchmarks in the global scenario. Kumar and Eldhose (2008) have recommended that insurance companies need to have quick service culture and quality environment. They compared public and private sectors customers regarding service quality, products and grievance handling. Mis-selling, hidden charges and long process of claim settlement are some of the problems faced by the private sector customers. There was dissatisfaction found in public customer over the grievance redressal mechanism adopted by Life Insurance Company (LIC), a government owned player with a long standing in India. Sahu, Jaiswal, and Pandey (2009) evaluated the factors responsible for consumer perception towards life insurance policies. The consumers' perception towards life insurance policies was found to be positive. The correlation test revealed that the customer loyalty, easy procedure, quality of service, satisfaction, the relationship between the company and consumer and lastly image of the company were mainly responsible for developing consumer perception towards Life Insurance. Chen et al. (2011) examined the moderating effects of customer expertise and price orientation on customer loyalty and relationship loyalty in life insurance companies in Taiwan. Structural equation modeling SEM, regression were used for analysis and establishing a relationship. It was found in the research that customer's price orientation moderates the relationship between relationship quality and customer loyalty. Firms should focus on maintaining customer relationship. Mrinmoy and Bhusan (2012) investigated satisfaction level of customers towards their life insurance policy. The study revealed huge gaps in satisfaction level of the customer in all main attributes of a policy, hence there is

the scope of innovation and creativity in the life insurance market. Gautam and Kumar (2012) suggested a significant influence of the source of information on selection of life insurance policy as well as the post-purchase behavior of urban and rural consumers. Sinha (2013) descriptive research measured the service quality of life insurance by a survey of 400 respondents who bought life insurance policy from various life insurance companies. The factor analysis derived five factors for service quality, i.e. sincere and prompts services, compassion and courteous, meticulous and accommodative, customer orientation & flexibility and tangibility. Out of these factors for service quality, courtesy factors' mean value was found higher than other factors. Gizaw and Pagidimarri (2014) the study analysed the influence of service quality on customer loyalty in the insurance sector of Ethiopia. Results indicated that service quality and customer satisfaction had a direct role in affecting customer loyalty. Positive relationships were found between customer satisfaction and customer loyalty. The mediation analysis result showed the mediation link between service quality and customer loyalty. Kaur and Kaur (2014) study found seven factors namely company reputation, employee loyalty, department efficiency, disciplined employee, timely service, customer convenience, additional facilities affecting consumer satisfaction. Out of these company services and reputation were found to be the most important factors. The study recommended that insurance firms should consider these factors while implementing any marketing strategies to retain existing customers. Lee, Tsao, and Chang, (2015) studied the customers' attitude toward life insurers' mobile app services and its effect on customer satisfaction. Their study based on 538 respondents indicated significant variables like compatibility, consumers' perceived usefulness and perceived ease

of use affecting customer satisfaction. They recommended reinforcing better CRM to build positive satisfaction. Yu and Tseng (2016) investigated factors affecting relationship quality on in Taiwan life insurers and their customers. By using structural equation modelling approach their findings confirmed that customer loyalty was affected by the salesperson characteristics and relational selling behaviour whereas relationship quality mediates this effect. Result suggested that the life insurers need to establish and maintain long-term relationships with customers in order to create corporate innovation value. Gera et al. (2017) evaluated direct and indirect effects of life insurance services quality, customer satisfaction and service value on customer loyalty and post purchase behavioral intentions. Result revealed that sales agent quality and service delivery were the most crucial factors in forming service quality perceptions. It had both direct and indirect effect on positive behavioural intentions with the moderating effect of service value and customer satisfaction. Rahman et al. (2018) confirmed significant positive influence of customer satisfaction and service quality on customer patronage decision for buying health insurance policies.

Need for the study and research objectives

Life insurance industry has a dynamic significance for the modern economy leading to fierce competition in the life insurance industry. Life Insurance companies have intangible products/services to offer, but building of a long-term relationship with the customers and a positive word of communication encourage them to survive and compete with new entrants. Life insurance companies need to understand and gather more information about the consumer behaviour to be competitive in the market. Study of post purchase experience help insurer to improve their offering and

services. However, only a few studies were taken on this aspect, especially in the Punjab region of India. Thus, an attempt has been made to fill this gap by this research. Subsequently, the following objectives are envisaged:

• To know the factors of post purchase experience of life insurance policy holders.
• To compare the post purchase behavior of public and private life insurance policy holders.

The Hypothesis of the study is stated as below:

H1: Post purchase experience of consumers is significantly different in public and private life insurance companies.

Research methodology

Research was conducted to analyse the post purchase behaviour of public and private life insurance policy holders. Descriptive research design was applied and primary data was collected from 396 consumers. Sample included consumer of public and private life insurance companies from areas of Punjab state. Punjab state is divided into three major regions; Majha Malwa and Doaba. Out of 22 districts of Punjab, 11 districts were selected for the study on the basis of their population. Majha region comprises of four districts, out of which two most populated districts, Amritsar and Gurdaspur, were selected. Likewise, Jalandhar and Hoshiarpur were selected from the Doaba region. Malwa region is consists of 14 districts which cover almost 60-70 % area of Punjab. Seven districts, namely, Sangrur, Patiala, Ludhiana, Bathinda, Ferozepur, Moga and Mohali of Malwa region of Punjab were selected on the basis of population. Prior to the analysis of the results, the research instrument was tested for its reliability. The internal consistency of the grouping of the items was estimated using the reliability co-efficient called Cronbach's alpha.

Results and discussion

In this study, respondents were asked to rate their post-purchase experience of their respective life insurance companies. It was revealed that majority of the respondents trusted their life insurance company and also felt that their life insurance company was having good financials. Consumers were satisfied with services of their insurance providers and ready to recommend others for buying life insurance from the same company. Few respondents felt that their life insurance advisor was ethical and did not pressurise them for selling life insurance.

In order to better understand the major factors of their post-purchase experience, factor analysis was applied to the responses. Exploratory factor analysis reduced 16 variables by grouping them in few covariant factors. Before performing the factor analysis it is required to examine the appropriateness of factor analysis which is tested through Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. Table 1 presented the result of KMO & Bartlett's Test. The test value is 0.847 with $p < .05$ which means that the sample is adequate for performing factor analysis. The responses collected to the problem are suitable and valid.

TABLE 1. FREQUENCY DISTRIBUTION OF EI

KMO value	Chi-Square	df	p value
0.847	1955.623	120	0.001**

TABLE 2. COMMUNALITIES

Variable	Initial	Extraction
Your life insurance agent explained all features of the policy	1.000	.665
Your life insurance advisor gives prompt service and is available when required	1.000	.531
Your life insurance advisor did not pressurized for selling insurance	1.000	.437
Your life insurance advisor was impartial about all life insurance plans offered by his/her company	1.000	.640
Your life insurance advisor behaviour was ethical and did not hide term and conditions	1.000	.627
The cost of risk charged by your company is justified	1.000	.664
You will recommend to others for taking plans from your life insurance company	1.000	.352
Your life insurance company is having a good reputation.	1.000	.354
You trust your life insurance company	1.000	.569
Your life insurance company is having good financial status.	1.000	.668
You are satisfied with services of your life insurance company	1.000	.385
Claim procedure of your life insurance company is satisfactory	1.000	.447
Your life insurance company gives benefits to the loyal customer	1.000	.503
Your Life insurance customer call centre service is satisfactory	1.000	.524
Your life insurance company maintain a good relationship with its customers	1.000	.637
Your Life insurance company gives fund value statement and premium due notice on time	1.000	.328

Table 2 described shared variance by all the variables. In the principal component, the initial value of the commonality is 1. High coefficients variables showed that they represented more variance for the factors whereas low coefficient variables have less variance. Variables with high coefficients are strong variables and variables with low coefficients are weaker variables. Six variables were having a coefficient value less than 0.5 and others are having high coefficient value.

have Eigenvalue greater than 1 have been retained. Component 1, Component 2 and Component 3 has the Eigenvalue greater than 1. So, only three components have been retained. Cumulative frequency for the third component indicates that 52% of the variance is accounted by the first three components.

The scree plot as displayed in Figure 1 reveals a distinct break between the steep slope and gradual trailing off.

TABLE 3. TOTAL VARIANCE EXPLAINED

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.875	30.471	30.471	4.875	30.471	30.471	3.237	20.228	20.228
2	2.188	13.676	44.147	2.188	13.676	44.147	2.602	16.262	36.491
3	1.267	7.916	52.063	1.267	7.916	52.063	2.492	15.572	52.063
4	.986	6.161	58.224						
5	.873	5.456	63.679						
6	.766	4.790	68.470						
7	.737	4.605	73.075						
8	.695	4.346	77.421						
9	.628	3.926	81.347						
10	.535	3.342	84.689						
11	.513	3.207	87.896						
12	.463	2.895	90.791						
13	.414	2.589	93.380						
14	.381	2.384	95.764						
15	.374	2.339	98.102						
16	.304	1.898	100.000						
Extraction Method: Principal Component Analysis.									

Table 3 depicts the variance of the variables using Principal Component Analysis. There were 16 components which depict the 16 variables measuring post-purchase experience. Eigenvalues are the variances of the principal components, as shown in the "total" column. The first component has accounted for the most of variance hence has the highest Eigenvalue, and each successive component accounted for less variance. The sum of the total Eigenvalues will always be equal to the total number of variables. By applying Kaiser Criterion (K1 Rule), only those components which

From this point scree begins denotes a true number of factors. From the fourth component, the line is almost flat, this shows three prominent factors which represent the most of the variance.
Table 4. presents the Rotated Components Matrix which is used for an easy interpretation of variables. At times when the initial extraction is not clear, the rotation matrix is developed. It transforms and simplify the interpretation. Rotation sum of square loadings gives the Eigenvalues by rotating the components. Rotation makes explanation and prediction easy for different underlying compo-

nents. A varimax rotation is used for this extraction. In varimax, factors are minimised with higher loading on factors. Here largest factor loadings for each of the 16 variables were kept highlighted in bold (Table 4). The variables were grouped under the three factors as per the largest factor loadings.
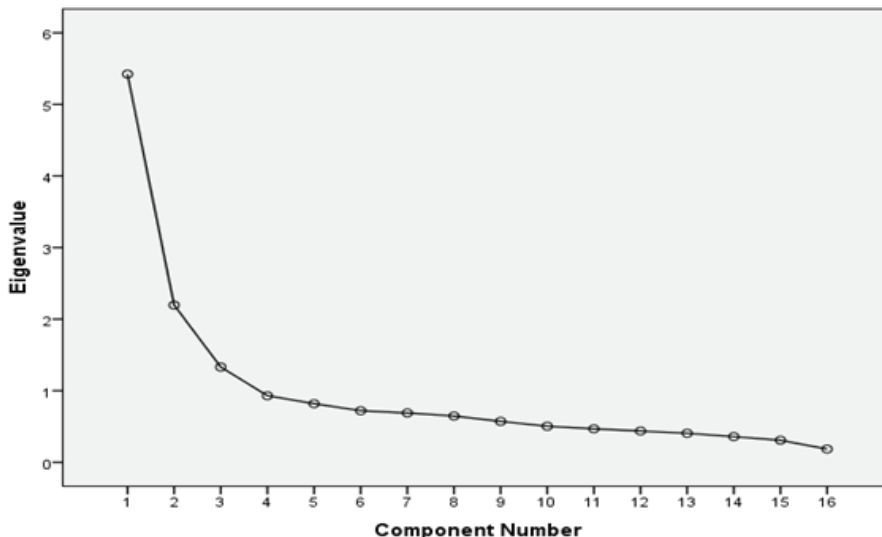

FIGURE 1. SCREE PLOT (POST PURCHASE)

TABLE 4. ROTATED COMPONENT MATRIX

Variables	Component		
	1	2	3
Your life insurance agent explained all features of the policy	.236	**.774**	-.104
Your life insurance advisor gives prompt service and is available when required	.115	**.615**	.373
Your life insurance advisor did not pressurize for selling insurance	.107	.421	**.498**
Your life insurance advisor was impartial about all life insurance plans offered by his/her company	**.778**	.166	.085
Your life insurance advisor behaviour was ethical and did not hide term and conditions	.028	**.762**	.213
The cost of risk charged by your company is justified	**.779**	.233	.057
You will recommend to others for taking plans from your life insurance company	**.511**	.142	.267
Your life insurance company is having a good reputation.	.181	.086	**.560**
You trust your life insurance company	**.683**	.025	.320

Your life insurance company is having good financial status.	-.067	**.813**	.042
You are satisfied with services of your life insurance company	.136	.289	**.532**
Claim procedure of your life insurance company is satisfactory	.275	.064	**.605**
Your life insurance company gives benefits to the loyal customer	**.598**	-.066	.377
Your Life insurance customer call centre service is satisfactory	**.712**	-.058	.114
Your life insurance company maintains a good relationship with its customers	.174	.001	**.779**
Your Life insurance company gives fund value statement and premium due notice on time	**.438**	.009	.369

TABLE 5. RESULT OF FACTOR ANALYSIS

Factors		Component			Cronbach's Alpha
		1	2	3	
Factor 1	Your life insurance agent explained all features of the policy	0.779			0.821
	Your life insurance advisor gives prompt service and is available when required	0.778			
	Your life insurance advisor did not pressurize for selling insurance	0.712			
	Your life insurance advisor was impartial about all life insurance plans offered by his/her company	0.683			
	Your life insurance advisor behaviour was ethical and did not hide term and conditions	0.598			
	The cost of risk charged by your company is justified	0.511			
	You will recommend to others for taking plans from your life insurance company	0.438			
Factor 2	Your life insurance company is having a good reputation.		0.813		0.838
	You trust your life insurance company		0.774		
	Your life insurance company is having good financial status.		0.762		
	You are satisfied with services of your life insurance company		0.615		

	Claim procedure of your life insurance company is satisfactory			0.779	
	Your life insurance company gives benefits to the loyal customer			0.605	
Factor 3	Your Life insurance customer call centre service is satisfactory			0.56	0.755
	Your life insurance company maintain a good relationship with its customers			0.532	
	Your Life insurance company gives fund value statement and premium due notice on time			0.498	
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					

Interpretation of factors

Three Factors were identified as dominating factors for post-purchase experience toward life insurance.

Factor 1: Agent Behaviour

Agent's behaviour is a reflection of company services. Ethical behaviour of an agent increases the trust and positive branding for those companies. Post-purchase behaviour is largely influenced by the agents' behaviour and their prompt services and responses.

Factor 2: Company trust and image

Customers' perception and opinion about their life insurance company financial soundness and image, build their trust towards the company. Satisfied customers spread a positive word of mouth and recommending life insurance policies to others.

Factor 3: Customer Services

Quick and quality service is always useful for keeping the customers happy and satisfied. Post-purchase behaviour often linked to kind of after-sales service offered to customers. In life insurance services, quick and easy insurance procedures for services like claim settlement, surrender, revival and such are crucial towards satisfactory post-purchase behaviour.

Hypothesis test:
To know the difference in post-purchase experience among public and private life insurance company following hypothesis is formulated and Kruskal Wallis test was applied for checking the difference between them.

H1: Post purchase experience of consumers is significantly different in public and private life insurance companies.

Table 6 describes the result of Kruskal Wallis test for identifying a significant difference in the post-purchase experience of public and private life insurance company policy holders. Kruskal Wallis test value for factor 1 (agent behaviour) is H=12.748, p<0.05, for factor 2 (company image) is H=21.38, p<0.05, the significant

p values at 5% level reflects that public and private policyholders experience is significantly different regarding agent behaviour and company image. Kruskal Wallis test value for factor 3 (customer service) is H=4.762, p>0.05, since p value is more than 0.5 and not significant at 5% level therefore, it can be concluded that public and private policyholders experience is not significantly different in respect to customer service. For overall, post-purchase experience test value is H=15.835, p<0.05, the p value is significant at 5 % level hence H1 is supported and there is a significant difference in customers post-purchase experience in public and private life insurance companies.

also felt that their life insurance company was having sound financials. Policyholders' experiences regarding customer service and agent behavior were also found different in public and private sector. Overall 88.6% policyholders were found satisfied with the services of their life insurance company. 72% of them will recommend other for taking life insurance from the same company. Only 57.32 % respondents felt that their life insurance advisor was ethical and did not pressurise them for selling life insurance. 60 % of respondent felt that their company offered loyalty benefit to them.

TABLE 6. KRUSKAL WALLIS TEST RESULT FOR PUBLIC AND PRIVATE LIFE INSURANCE COMPANY POLICY HOLDERS

Factors	Type of company	N	Mean rank	Test	Test statistic	p-value
Factor 1 (agent behaviour)	Public	215	210.9	Kruskal Wallis	12.748	0.002*
	Private	73	156.11			
	Both	108	202.44			
Factor 2 (company image)	Public	215	219.98	Kruskal Wallis	21.38	0.000*
	Private	73	154.66			
	Both	108	185.38			
Factor 3 (customer service)	Public	215	209.18	Kruskal Wallis	4.762	0.092
	Private	73	177.91			
	Both	108	191.15			
Total overall post purchase experience	Public	215	212.8	Kruskal Wallis	15.835	0.000*
	Private	73	151.25			
	Both	108	201.98			

*Significant at 5% level

The post-purchase experience of private and public sector life insurance policyholders were found different in this study. Mostly public company policy holders trusted their life insurance company and

Conclusion
Examining post purchase experience is crucial for any life insurance company. The Life insurer can influence customers' persistence levels by building a trustworthy and stronger relationships with them. This study finds three major factors for

consumer post-purchase behaviour namely agent behaviour, company image and customer service. Agent's behaviour is a reflection of company's services. Ethical behaviour of an agent increases the trust and positive branding for the companies. Customers perceive the financial stability and image of their life insurance company for building their trust towards the life insurance company. Satisfied customers tend to spread positive word of mouth through recommending life insurance policies to others. Quick and quality service by the life insurance company also lead to customer satisfaction. Post-purchase behaviour is often linked to the quality of after-sales service offer to customers. In life insurance, quick and easy insurance procedures for services like claim settlement, surrender, revival and so on, are crucial in creating satisfactory post-purchase behaviour. It is also reflected in the study that consumers' post-purchase experience is significantly different in the public and the private sector life insurance companies regarding agent behaviour, company image and customer service. The research can be further extended to study the detailed analysis on Claim Settlement and Grievance Handling procedures followed in public and private insurance companies, bringing more insights and implications for the insurance companies.

Recommendations

Some of the major recommendations developed from the study are that the companies must strengthen the network of agents through motivational approach and performance appraisal techniques. Agent sales behaviour is a critical factor in the purchase and post-purchase experience. They are responsible for winning customer trust & building a relationship with policyholders. Therefore, companies need to build professional attitude and knowledge of agents. Periodic training will help companies to increase professionalism and sales skills in their agents. The agents must use need-based selling practices and advanced selling tools like tax calculators, illustrations and financial planning tools. In case of the rural segment, necessary training must be given to insurance agents to enabling them to better understand the requirement of rural policyholders and advising them an appropriate insurance product. Agents must be appointed from the local area so that they may understand and communicate in the local language to the clientele. The concept of the concentric circle should be used for finding prospects where the agent focuses on the nearby area of his residence for prospective clients.

The life insurance companies should focus more on building professional agents teams rather hiring more number of agents. This would ensure an improvement in the critical factors identified in the study. Another suggestion for the life insurance companies is to strengthen their processes for customer services. Owing to the technical nature of insurance contract sometimes the terms and conditions are not explained in details to the customers leading to complaints and grievances. The companies must train their agents towards maintaining integrity and ethical standards for sustained growth instead of short term profits.

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